

## **Study of the Reserves, Endowments, and Surpluses of Health Insurers and Hospitals Questions for Consideration by Hospitals**

Please consider these questions when developing oral and written comments. Please note that oral comments will be limited to approximately five minutes and therefore should be more general. We welcome comprehensive and detailed written comments.

- Due to health care reform, and the continuing role played by not for profit hospitals in this market, how is Massachusetts potentially different from other states when considering options for the state's role to "provide regulation, oversight and disposition of the reserves, endowments, and surpluses" of hospitals?
- What do you consider to be the best measure or indicator of hospital "surplus" or "reserves"?
- What elements go into determining your surplus target? How do you express your surplus target – percentage of revenue or other? How are such targets developed?
- How does your surplus level impact your decisions about operations and capital spending?
- How do labor market conditions impact your hospital's spending levels and surplus targets?
- What has been the impact, if any, of changes in both retiree health care and pension funding requirements?
- How do you factor the implementation of new payment systems and components of systems – e.g., capitation, global payment levels, pay for performance, etc. into your hospital's surplus needs?
- Please comment on the extent to which you are seeing changes in insurance benefit designs among your patients, and discuss how we might take those changes into consideration. For example, has the introduction of health plans with high up-front deductibles and/or tiered networks, or other innovative benefit designs, impacted your finances? If so, how?
- What "non-obvious" factors should be considered that are material to your Board's and management's decision-making with regard to surplus levels?
- What factors should we be cognizant of as we approach our analysis of historical data?

- How do you suggest we consider the volatility of the investment market as we try to learn from historical data? Has your organization changed its investment strategies and if so, how?
- How do you suggest we consider the volatility of the economy in general as we try to learn from historical data? What has been the impact of the recent economic downturn on your operating results? What strategic changes have you made in response to the recent economic downturn?
- What is the impact of going to capital markets, or considering going to capital markets in the future, on your hospital's spending and asset retention/restriction decisions?
- What factors, in addition to the Attorney General's guidelines, do you consider when determining the level and type of community benefits you provide?
- What specific issues should be considered in relation to the role of the state in providing oversight or regulation of hospital surplus levels?